

**CITY OF KENNEWICK HOUSING AUTHORITY**  
**Benton County, Washington**  
**July 1, 1993 Through June 30, 1994**

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**Schedule Of Findings**

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1. Controls Over Cash Receipts And Cash Handling Should Be Improved

Our review of controls over cash receipts and cash handling at the City of Kennewick Housing Authority disclosed the following weaknesses:

- a. Deposit cash/check composition is not reconciled to receipt composition.
- b. Two cashiers work out of the same drawer.
- c. The accountant receipts in payments, maintains the checking and investment accounts, and reconciles the checking accounts.
- d. Tenants are allowed to cash personal and two party checks and write checks in excess of the amount owed with the differences given back in cash.

An adequate internal control system consists of the plan of organization and methods and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports.

The control problems occurred because the housing authority was not aware of the need to have written cash handling policies.

Without the proper internal control, errors and irregularities could occur and not be detected in a timely manner.

We recommend the housing authority:

- a. Develop and implement written cash receipting/handling procedures. These procedures should include:
  - (1) Have each cashier prepare their own deposit and deposit slip.
  - (2) Have cashiers reconcile deposit cash/check composition to receipt composition.
  - (3) Have cashiers place deposit in a separate locked bag to be taken to the bank.
  - (4) Institute supervisory review of cash/check composition on the deposit slip to receipts. The supervisor should also initial the deposit slip to document the review.

- (5) Perform all receipting at the front counter.
- (6) Only accept checks for payment in the amount owed.
- (7) Have a supervisory review of bank reconciliations. The supervisor should initial the reconciliation to document the review. During the review the supervisor should verify that reconciling items (if any) are being researched and followed up on.
- (8) Not allow the cashing of personal checks.

b. Install locking cash drawers for each cashier.